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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

June 12, 2013

Velina Miller
Quality Building Stone
933 West 14730 South
Bluffdale, Utah 84065

Subject: Permit Fees and Reclamation Surety Evaluations; Quality Building Stone Weston #1, Amis #1, Torrey Buff, and Lucero Red Quarries; S/007/0038, S/049/0038, S/055/022 and S/055/023; Carbon, Utah and Wayne Counties, Utah

Dear Ms. Miller:

In a June 5, 2013, telephone conversation, you and Wayne Western discussed the following items:

- You requested that invoices for annual permit fees be sent via email. This has been done. The annual fees are due January 31 of each year, and failure to pay the annual fees can result in compliance action and associated fines.
- The Division of Oil, Gas and Mining has required increased reclamation surety for the Lucero Red quarry, and you asked for an extension until September 4, 2013, to submit the additional surety. The Division approves the extension. The sureties for the Weston #1, Amis #1 and Torrey Buff quarries were all due for evaluation in 2010. This issue is discussed further below.
- The required surety amounts can be reduced by reclaiming portions of the sites. The Weston #1 quarry is permitted for three acres of disturbance, and it might be possible to reduce the permitted acreage to one or two acres. Likewise, it may be possible to reclaim parts of the other sites.

Weston #1

This site is permitted for three acres, and the required surety is \$17,800 for a 3-year escalation (2016) or \$18,300 for a 5-year escalation (2018). These amounts and the amounts for the Amis #1 and Torrey Buff quarries are based on the following average costs per acre.

Project Size (Acres)	Surety 3 & 5 year escalation 2013	Comments
1 or fewer acres	\$7,400 (3-year escalation) \$7,700 (5-year escalation)	Minimum amount required
Additional acres up to 5 total acres	\$5,200/ acre (3-year escalation) \$5,300/acre (5-year escalation)	Partial acreages rounded up (e.g., 1.2 acres = 2 acres)
Cumulative Amount for 5 acres	\$28,200 (3-year escalation) \$28,900 (5-year escalation)	

The Division currently holds a letter of credit in the amount of \$13,300.00, so the increase is \$4500.00 or \$5000.00 to \$17,800.00 or 18,300.00.

This site is inactive, and it may be possible to reclaim a portion to reduce the reclamation liability. Alternatively, it may also be possible to reduce the permitted area just by modifying the Notice of Intention to Commence Small Mining Operations (Notice). If you only need to use a portion of the three acres of permitted area, the Notice could be changed to show a reduced acreage.

Torrey Buff

This site is permitted for four acres of disturbance, so the required surety amount is \$23,000.00 for a 3-year escalation or \$23,600.00 for a 5-year escalation. The Division currently holds a letter of credit in the amount of \$14,000.00, so the increase is \$9000.00 or \$9600.00.

In the past, portions of this site have been reclaimed, but some of these areas may have been re-disturbed. It also appears some additional areas may have been disturbed, but this is not certain. The amount of disturbance and reclamation liability needs to be evaluated.

Amis #1

This site is permitted for five acres of disturbance, so based on the average costs per acre, the required surety amounts are \$28,200.00 and \$28,900.00 for 3- and 5-year escalations, respectively. The Division holds a letter of credit in the amount of \$25,000.00, so the increase would be \$3200.00 or \$3900.00.

This site may be conducive to reduction in the reclamation liability by reclaiming parts of the disturbed area and modifying the Notice to reflect the reduced acreage.

Lucero Red

The Division's letter of November 19, 2012, required that the surety for the Lucero Red quarry be increased from \$22,000.00 to either \$27,100 for a 3-year escalation (2015) or \$27,700 for a 5-year escalation (2017). This was based on average costs per acre that were in effect at that time:

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S/007/0039, S/049/0038, S/055/0022, and S/055/0023
June 12, 2013

Project Size (Acres)	Surety 3 & 5 year escalation 2012	Comments
1 or less acres	\$7,900 (3-year escalation) \$8,100 (5-year escalation)	Minimum amount required
Additional acres up to 5 total acres	\$4,800/ acre (3-year escalation) \$4,900/acre (5-year escalation)	Partial acreages rounded up (e.g., 1.2 acres = 2 acres)
Cumulative Amount for 5 acres	\$27,100 (3-year escalation) \$27,700 (5-year escalation)	\$1,100 difference between 3- and 5-year escalation for 5 acres of disturbance.

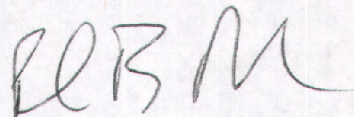
As with the Torrey Buff quarry, the size of the disturbed area should be evaluated.

Please submit these increased sureties by September 4, 2013. The surety amounts may be increased using amended letters of credit or by submitting surety bonds, new letters of credit, certificates of deposit, or cash for either the full or the increased amounts. Please contact the minerals program bonding coordinator, Penny Berry, at 801-538-5291 or by e mail at pennyberry@utah.gov for additional information.

Additional questions about this letter may be directed to April Abate at 801-538-5214 for the Amis #1 quarry; to Wayne Western at 801-538-5263 for the Torrey Buff, Lucero Red, and Weston #1 quarries; or to me at 801-538-5261.

I appreciate your cooperation. I realize increasing all of these bonds may be difficult, but the Division is willing to be flexible as long as progress is being made and you are willing to continue communicating with us and keeping us updated on the status of your efforts.

Sincerely,



Paul Baker
Minerals Mining Manager
Minerals Regulatory Program

PB: whw: eb
cc: Sue Fivecoat, Hnksville BLM, sfivecoa@blm.gov
John Reay, Hanksville BLM, jreay@blm.gov
April Abate
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